

# WEIKLE & Co.

REDACTED – FOR PUBLIC INSPECTION

June 30, 2017

Marlene H. Dortch, Secretary  
Federal Communications Commission  
Office of the Secretary  
445 12<sup>th</sup> St, SW  
Washington, D.C. 20554

RE: WC Docket No. 14-58  
FCC Form 481 – Carrier Annual Reporting  
Ellerbe Telephone Company

Dear Ms. Dortch:

This FCC Form 481- Carrier Annual Reporting is being submitted on behalf of Ellerbe Telephone Company (“Ellerbe” or “Company”) in accordance with FCC Rules 54.313 and 54.422. This version is the Redacted – For Public Inspection version.

Ellerbe, by its authorized representative, hereby requests confidential treatment of the financial annual report, which is redacted in the ECFS submission. Section 3005 of FCC Form 481 requires a privately-held rate-of-return carrier to attach a full and complete annual report of the company’s financial condition and operations pursuant to 47 C.F.R. §54.313(f)(2). This attachment contains competitively sensitive data that Ellerbe maintains as confidential and does not normally make available to the public. Release of this information would have a substantial negative impact on the Company. Ellerbe seeks confidential treatment of its financial annual report pursuant to the March 22, 2016 *Protective Order* in WC Docket Nos. 10-90 and 14-58. The *Protective Order* specifically covers information filed pursuant to 47 C.F.R. §54.313(f)(2).

A paper version of this letter along with the Form 481 containing confidential information is being filed with the Office of the Secretary. This REDACTED – FOR PUBLIC INSPECTION copy is being submitted electronically through ECFS.

If there are any questions, I can be reached at 704.699.9451.

Sincerely,

/s/ Jerry Weikle

Jerry Weikle  
Consultant to Ellerbe Telephone Company

JERRY L. WEIKLE  
*President*

151 SPRING STREET NW  
CONCORD, NC 28025-4749

jweikle@windstream.net  
704.699.9451

**FCC Form 481 - Carrier Annual Reporting  
Data Collection Form**FCC Form 481  
OMB Control No. 3060-0986/OMB Control No. 3060-0819  
July 2013

<010> Study Area Code	230478
<015> Study Area Name	ELLERBE TEL CO
<020> Program Year	2018
<030> Contact Name: Person USAC should contact with questions about this data	Jerry Weikle
<035> Contact Telephone Number: Number of the person identified in data line <030>	7047827738 ext.
<039> Contact Email Address: Email of the person identified in data line <030>	jweikle@windstream.net
Form Type	54.313 and 54.422

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OMB Control No. 3060-0986/OMB Control No. 3060-0819

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<210> For the prior calendar year, were there any reportable voice service outages? No

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**(300) Unfulfilled Service Request  
Data Collection Form****REDACTED -- FOR PUBLIC INSPECTION**

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&lt;300&gt; Unfulfilled service request (voice)

0

&lt;310&gt; Detail on attempts (voice)

Name of Attached Document

&lt;320&gt; Unfulfilled service request (broadband)

0

&lt;330&gt; Detail on attempts (broadband)

Name of Attached Document

(400) Number of Complaints per 1,000 customers  
Data Collection Form

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<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed voice
<410>	Complaints per 1000 customers for fixed voice	0 . 0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed broadband
<440>	Complaints per 1000 customers for fixed broadband	0 . 0
<450>	Complaints per 1000 customers for mobile broadband	

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<039>	Contact Email Address - Email Address of person identified in data line <030>	jweikle@windstream.net
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes
230478NC510 .pdf		
<510>	Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance	
<515>	Certify compliance with applicable minimum service standards	

<b>(600) Functionality in Emergency Situations</b> <b>Data Collection Form</b>	<b>REDACTED -- FOR PUBLIC INSPECTION</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	230478NC610.pdf

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July 2013

<701>	Residential Local Service Charge Effective Date	1/1/2017
<702>	Single State-wide Residential Local Service Charge	15.14

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[illegible]

<b>(800) Operating Companies</b> <b>Data Collection Form</b>	<p>REDACTED -- FOR PUBLIC INSPECTION</p>	<p>FCC Form 481          OMB Control No. 3060-0986/OMB Control No. 3060-0819          July 2013</p>
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<810>	Reporting Carrier	Ellerbe Telephone Company
<811>	Holding Company	Name Not Available
<812>	Operating Company	Ellerbe Telephone Company

[illegible]

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&lt;900&gt; Does the filing entity offer tribal land services? (Y/N)

No

&lt;910&gt; Tribal Land(s) on which ETC Serves

&lt;920&gt; Tribal Government Engagement Obligation

&lt;921&gt;

- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

**(1000) Voice and Broadband Service Rate Comparability  
Data Collection Form**
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<1000> Voice services rate comparability certification Yes

<1010> Attach detailed description for voice services rate comparability compliance 230478NC1010.pdf

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Name of Attached Document

<1020> Broadband comparability certification Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

<1030> Attach detailed description for broadband comparability compliance 230478NC1030.pdf

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Name of Attached Document

**(1100) No Terrestrial Backhaul Reporting  
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&lt;1100&gt; Certify whether terrestrial backhaul options exist (Y/N)

Yes

&lt;1130&gt;

**(1200) Terms and Condition for Lifeline Customers**  
**Lifeline**  
**Data Collection Form**

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230478NC1210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

<1220> Link to Public Website

HTTP

<1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers,



<1222> Details on the number of minutes provided as part of the plan,



<1223> Additional charges for toll calls, and rates for each such plan.



**(2005) Price Cap Carrier Additional Documentation****Data Collection Form****REDACTED -- FOR PUBLIC INSPECTION**

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

*Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers*

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Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of Incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

**Incremental Connect America Phase I reporting**

- <2011> 3rd Year Certification 47 CFR §54.313(b)(1)(ii) - Note that for the July 2017 certification, this applies to Round 2 recipients of Incremental Support.
- <2022> Recipient certifies, representing year three after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year three - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 2 for year three) - Connect America Fund , WC Docket 10-90, Report and Order, FCC 13-73, paragraph 35 (May 22, 2013).
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing  
Required Information

Name of Attached Document Listing  
Required Information

(2005) Price Cap Carrier Additional Documentation

Data Collection Form

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FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

**Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}**

&lt;2016&gt; Certification support used to build broadband

**Connect America Phase II Reporting {47 CFR § 54.313(e)}**

&lt;2017A&gt; Connect America Fund Phase II recipient?

&lt;2017C&gt; Total amount of Phase II support, if any, the price cap carrier used for capital expenditures in 2016.

&lt;2018&gt; Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(1)(ii)(A)

Name of Attached Document Listing  
Required Information

&lt;2019&gt; Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(1)(ii)(C)



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Select from the drop down menu or check the boxes below to note compliance with 54.313(f)(1). Privately held carriers must ensure compliance with the financial reporting requirements set forth in 47 CFR 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

<b>Progress Report on 5 Year Plan</b>		
(3009)	Carrier certifies to 54.313(f)(1)(iii)	
		Yes - Attach Certification
(3010A)	Certification of Public Interest Obligations {47 CFR § 54.313(f)(1)(i)}	
(3010B)	Please Provide Attachment	Name of Attached Document Listing Required Information
(3012A)	Community Anchor Institutions {47 CFR § 54.313(f)(1)(ii)}	No - No New Community Anchors
(3012B)	Please Provide Attachment	Name of Attached Document Listing Required Information
(3013)	Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}	(Yes/No) <input checked="" type="radio"/> <input type="radio"/>
(3014)	If yes, does your company file the RUS annual report	(Yes/No) <input checked="" type="radio"/> <input type="radio"/>
Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:		
(3015)	Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)	<input checked="" type="checkbox"/>
(3016)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows	<input checked="" type="checkbox"/>
(3017)	If the response is yes on line 3014, attach your company's RUS annual report and all required documentation	Name of Attached Document Listing Required Information
(3018)	If the response is no on line 3014, is your company audited?	(Yes/No) <input type="radio"/> <input type="radio"/>
If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:		
(3019)	Either a copy of their audited financial statement; or	<input type="checkbox"/>
(3020)	(2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers	<input type="checkbox"/>
(3021)	Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>
(3022)	Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.	<input type="checkbox"/>
If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:		
(3022)	Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers	<input type="checkbox"/>
(3023)	Underlying information subjected to a review by an independent certified public accountant	<input type="checkbox"/>
(3024)	Underlying information subjected to an officer certification.	<input type="checkbox"/>
(3025)	Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows	<input type="checkbox"/>
(3026)	Attach the worksheet listing required information	Name of Attached Document Listing Required Information

**(3005) Rate Of Return Carrier Additional Documentation (Continued)**

FCC Form 481

Data Collection Form

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**Financial Data Summary**

(3027) Revenue

(3028) Operating Expenses

(3029) Net Income

(3030) Telephone Plant In Service(TPIS)

(3031) Total Assets

(3032) Total Debt

(3033) Total Equity

(3034) Dividends

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**4005 Rural Broadband Experiment**

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

**Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)**

Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

**4001.** Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

**Community Anchor Institutions – FCC 14-98 (paragraph 79)**

**4003a.** RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

**4003b.** Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

Name of Attached Document Listing Required Information \_\_\_\_\_

**Broadband Deployment Locations – FCC 14-98 (paragraph 80)**

**4004a.** Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.

Name of Attached Document Listing Required Information \_\_\_\_\_

**4004b.** Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.

Name of Attached Document Listing Required Information \_\_\_\_\_

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<b>Certification - Reporting Carrier Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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**TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:**

<b>Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients</b>	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier: ELLERBE TEL CO	
Signature of Authorized Officer: CERTIFIED ONLINE	Date 06/29/2017
Printed name of Authorized Officer: dan bennett	
Title or position of Authorized Officer: president	
Telephone number of Authorized Officer: 9106522221 ext.	
Study Area Code of Reporting Carrier: 230478	Filing Due Date for this form: 07/03/2017
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

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<b>Certification - Agent / Carrier</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
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**TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:**

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent:	
Name of Reporting Carrier:	
Signature of Authorized Officer:	Date:
Printed name of Authorized Officer:	
Title or position of Authorized Officer:	
Telephone number of Authorized Officer:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

**TO BE COMPLETED BY THE AUTHORIZED AGENT:**

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier:	
Name of Authorized Agent Firm:	
Signature of Authorized Agent or Employee of Agent:	Date:
Name of Authorized Agent Employee:	
Title or position of Authorized Agent or Employee of Agent:	
Telephone number of Authorized Agent or Employee of Agent:	
Study Area Code of Reporting Carrier:	Filing Due Date for this form:
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

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### *Attachments*

## REDACTED -- FOR PUBLIC INSPECTION

Ellerbe Telephone

Service Quality Standards and Consumer Protection Rules Compliance Explanation

Line 510

### Certification

Ellerbe Telephone Company certifies that it complies with applicable service quality standards and consumer protection rules for both voice services and broadband services.

### Service Quality

The North Carolina Utilities Commission (NCUC) has service quality rules in place. These service quality rules are found in NCUC Chapter 9, Rule R9-8. The NCUC does not have rules in place regarding broadband service quality. Ellerbe Telephone Company is regulated by the NCUC although the current form of regulation no longer requires Ellerbe to report results. Ellerbe continues to follow procedures put in place when it was required to meet and report on objectives.

Here is a link to Chapter 9 rules located on the NCUC website:

<http://www.ncuc.net/ncrules/Chapter09.pdf>

Rule R9-8 requires that certain service objectives be met and that company results be reported to the NCUC on a quarterly basis within 45 days after the end of each quarter. Ellerbe has established procedures and processes to meet Rule R9-8 objectives even though it is no longer required to report results to the NCUC.

The NCUC objectives are listed below:

### **Rule R9-8. Service objectives for regulated local exchange telephone companies and competing local providers (CLPs).**

(a) Service Objectives. Each regulated local exchange telephone company and CLP shall perform and provide service in accordance with the following uniform service objectives:

<i>Measure No.</i>	<i>Description</i>	<i>Objective</i>
1	Intraoffice completion rate	99% or more
2	Interoffice completion rate	98% or more
3	EAS transmission loss	95% or more between 2 and 10 dB
4	EAS trunk noise	95% or more 30 dBrnc or less
5	Operator "0" answertime	90% or more of calls answered within 10 seconds or ASA of 6 seconds
6	Directory assistance answertime	85% or more of calls answered within 10 seconds or ASA of 6 seconds

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7	Business office answertime	ASA of 30 seconds
8	Repair service answertime	ASA of 30 seconds
9	Initial customer trouble reports	4.75 or less per 100 total access lines
10	Repeat reports	1.0 report or less per 100 total access lines
11	Out-of-service troubles cleared within 24 Hours	95% or more
12	Regular service orders completed within 5 working days	90% or more
13	New service installation appointments not met for Company reasons	5% or less
14	New service held orders not completed within 30 days	0.1% or less of total access lines

**Consumer Protection**

Ellerbe Telephone Company is committed to maintain the privacy of customer information. In addition to protecting personal information the company is obligated to protect information on how customers use their services. Ellerbe Telephone Company follows all requirements the FCC has mandated concerning Customer Proprietary Network Information (CPNI). Ellerbe files annual CPNI compliance certifications with the FCC as required.

Ellerbe Telephone Company also has an Identity Theft Prevention Program in place to comply with Red Flag Identity Theft prevention rules. This program ensures that no information pertaining to our customers is compromised and that information from new customers is accurate and does not represent a stolen identity.

There are no NCUC or state rules in place for broadband consumer protection. Ellerbe Telephone Company does follow federal laws relating to broadband service. Ellerbe Telephone Company does publicly disclose broadband terms and prices for customers.



## REDACTED -- FOR PUBLIC INSPECTION

Ellerbe Telephone  
Functionality in Emergency Situations  
Line 610

### Backup/Emergency Power

Ellerbe Telephone's main Central Office has both battery backup and permanent mounted generator backup. When commercial power fails, batteries carry all central office equipment until the generator comes on within one minute of power failure. If the generator fails to come on, batteries can carry the central office for 12-16 hours.

One remote switch has both battery backup and permanent mounted generator backup. When commercial power fails, batteries carry all central office equipment until the generator comes on within one minute of power failure. If the generator fails to come on, batteries can carry the equipment for 16-18 hours.

One generator at the main Central Office is diesel powered and one is propane powered. The generator at the remote switch is propane powered. All three generators can run for 5-7 days on their fuel supply.

All small remote switches have battery backup that can carry the equipment for 6-10 hours in the event of commercial power failure. They also have ports where a portable generator will be connected to supply power to the remote. These portable generators are gasoline powered and can run for 4-6 hours on their fuel supply. During the event of an emergency, these portable generators are resupplied with fuel on a regular basis.

### Network Facilities

Ellerbe is located in the Wilmington, NC LATA and connects to an AT&T Central Office in Rockingham, NC to connect to the Laurinburg, NC tandem. Ellerbe has redundant fiber facilities that connect to the Rockingham office that are on different geographic routes. During times of an emergency or damage to facilities, traffic is rerouted over redundant facilities as needed.

### Priority Line Assignments

Ellerbe's Central Office switch is a Genband DMS-10. This switch is configured with a certain number "priority" line assignments in each line assignment group. Ellerbe assigns local municipal, fire, EMS, and rescue telephone numbers to these priority line assignment positions. Should the switch get in an overload status because of a traffic spike, it automatically prioritizes these positions to remain in service before non-priority line assignments.

REDACTED -- FOR PUBLIC INSPECTION

<b>(710) Broadband Price Offerings</b> <b>Data Collection Form</b>	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---	--

<010>	Study Area Code	230478
<015>	Study Area Name	ELLERBE TEL CO
<020>	Program Year	2018
<030>	Contact Name - Person USAC should contact regarding this data	Jerry Weikle
<035>	Contact Telephone Number - Number of person identified in data line <030>	7047827738 ext.
<039>	Contact Email Address - Email Address of person identified in data line <030>	jweikle@windstream.net

[illegible]

REDACTED -- FOR PUBLIC INSPECTION

<b>(800) Operating Companies</b>	FCC Form 481
<b>Data Collection Form</b>	OMB Control No. 3060-0986/OMB Control No. 3060-0819
	July 2013

<010>	Study Area Code	230478
<015>	Study Area Name	ELLERBE TEL CO
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<039>	Contact Email Address - Email Address of person identified in data line <030>	jweikle@windstream.net

<810>	Reporting Carrier	Ellerbe Telephone Company
<811>	Holding Company	Name Not Available
<812>	Operating Company	Ellerbe Telephone Company

[illegible]

REDACTED -- FOR PUBLIC INSPECTION

Ellerbe Telephone  
Voice Services Rate Comparability  
Line 1010

The FCC released a Public Notice on February 14, 2017 (DA 17-167) which listed the urban average rate as \$22.49 for residential customers. The same Public Notice listed the rate that is a reasonably comparable benchmark at \$49.51.

Ellerbe Telephone charges all residential customers \$15.14 plus a federal Subscriber Line Charge of \$6.50 for monthly service with unlimited local calling. The total of these charges is \$21.64 which is less than the reasonably comparable benchmark of \$49.51.

Because of this, Ellerbe Telephone is able to certify that it's pricing of fixed voice service is no more than two standard deviations above the applicable national average urban rate for voice service.

## REDACTED -- FOR PUBLIC INSPECTION

Ellerbe Telephone  
Broadband Services Rate Comparability  
Line 1030

The FCC released a Public Notice on February 14, 2017 (DA 17-167) which listed broadband rate benchmarks for some broadband service offerings. The Notice stated that benchmark rates for other service offerings could be calculated using the FCC Reasonable Comparability Benchmark Calculator found at <http://www.fcc.gov/encyclopedia/urban-rate-survey-data>.

Ellerbe offers a 6/1 product with unlimited monthly usage. The FCC benchmark rate is listed as \$71.27 which is higher than Ellerbe's rate of \$49.95. Ellerbe also offers a 10/2 product with unlimited monthly with a FCC benchmark rate listed as \$78.30 which is higher than Ellerbe's rate of \$59.95.

Ellerbe's pricing meets the Commission's broadband public interest obligations by not charging more than the benchmark rates.

## REDACTED -- FOR PUBLIC INSPECTION

Ellerbe Telephone  
Lifeline Terms and Conditions  
Line 1210

As a state regulated wireline carrier, Ellerbe Telephone offers Lifeline service in accordance with FCC rules and terms and conditions in its tariff. The terms and conditions of the tariff are included starting on the next page of this file.

### Minutes of Use

Each Lifeline customer has unlimited local usage and is able to make local calls at no additional charge. Each Lifeline customer is also able to receive unlimited local and long distance calls at no additional charge.

### Toll Charges

Each Lifeline customer is able to receive toll blocking to avoid incurring unexpected toll charges. In the event the customer would like to make toll calls then the customer is able to choose which long distance company they would like to use and then choose which rate plan is best for them.

REDACTED -- FOR PUBLIC INSPECTION  
GENERAL SUBSCRIBERS SERVICES TARIFF

Ellerbe Telephone Company

Section 3

Issued: December 22, 2016

Seventh Revised Page 10

By: President

Cancelling Sixth Revised Page 10

EFFECTIVE: December 2, 2016

**S3. Basic Local Exchange Service**

**S3.11 Lifeline**

**3.11.1 Description of Programs**

- a. Lifeline service is a federally administered program providing a monthly discount to qualifying low-income consumers for voice telephone service or broadband service.
- b. Tribal Link Up service is a federally administered program providing a discount to the customary charge for commencing telecommunications service to a qualifying consumer on Tribal lands.

**3.11.1 Program Eligibility**

In order to be eligible for assistance, a consumer must meet the eligibility requirements as set forth in Commission Rule R9-6 and 47 C.F.R. part 54, subpart E of the Federal Communications Commission's rules.

**3.11.1 Verification of Eligibility**

The method for verification of the eligibility criteria set forth in (b) above shall be a national eligibility verifier. Until the national eligibility verifier has been established to verify eligibility in North Carolina, the verification method will be self-certification by the recipients of the eligible programs.

**3.11.4 Support**

The monthly recurring and one-time connection discount provided to consumers through the Lifeline and Link Up programs is set forth in 47 C.F.R. part 54, subpart E of the Federal Communications Commission's rules.

(C)

(C)

(D)

(D)

## REDACTED -- FOR PUBLIC INSPECTION

Ellerbe Telephone  
Public Interest Obligations Certification  
Line 3010

### **Certification**

During 2016, Ellerbe Telephone Company certifies that it took reasonable steps to provide broadband service at actual speeds of at least 10 Mbps downstream and 1 Mbps upstream upon reasonable request.

Services are provided with latency suitable for real-time applications, including Voice over Internet Protocol. Customers receive an unlimited capacity each month

Ellerbe did not provide broadband service to any new community anchor institutions.

Ellerbe bid on all reasonable requests from schools and libraries for broadband service posted as FCC Form 470's.



USDA-RUS		This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER NAME <b>REDACTED -- FOR PUBLIC INSPECTION</b>	
		Ellerbe Telephone Company	
		(Prepared with Audited Data)	
INSTRUCTIONS-Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.		PERIOD ENDING December, 2016	BORROWER DESIGNATION NC0539
CERTIFICATION			
We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.			
ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.			
DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII (Check one of the following)			
<input checked="" type="checkbox"/> All of the obligations under the RUS loan documents have been fulfilled in all material respects		<input type="checkbox"/> There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report	
_____		_____	
		DATE	

PART A. BALANCE SHEET					
ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
CURRENT ASSETS			CURRENT LIABILITIES		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construc ion Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. O her Taxes Accrued		
c. Notes Receivable			34. O her Current Liabili ies		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			LONG-TERM DEBT		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
NONCURRENT ASSETS			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development			43. Obliga ions Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. O her Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
13. Nonregulated Investments			OTHER LIAB. & DEF. CREDITS		
14. Other Noncurrent Assets			47. O her Long-Term Liabilities		
15. Deferred Charges			48. O her Deferred Credits		
16. Jurisdictional Differences			49. O her Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
PLANT, PROPERTY, AND EQUIPMENT			EQUITY		
18. Telecom, Plant-in-Service			51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. O her Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = % of Total Assets

# **OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS**

NC0539

REDACTED -- FOR PUBLIC INSPECTION

PERIOD ENDING

December, 2016

INSTRUCTIONS- See RUS Bulletin 1744-2

## **PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS**

ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. <b>Net Operating Revenues (1 thru 5 less 6)</b>		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. <b>Total Operating Expenses (8 thru 13)</b>		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. <b>Total Operating Taxes (17+18+19)</b>		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. <b>Total Fixed Charges (22+23+24-25)</b>		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. <b>Total Net Income or Margins (21+27+28+29+30-26)</b>		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. <b>Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]</b>		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. <b>Patronage Capital End-of-Year (40+41-42)</b>		
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11) / 7]		
46. Operating Accrual Ratio [(14+20+26) / 7]		
47. TIER [(31+26) / 26]		
48. DSCR [(31+26+10+11) / 44]		

USDA-RUS

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

**REDACTED -- FOR PUBLIC INSPECTION**

INSTRUCTIONS - See RUS Bulletin 1744-2

BORROWER DESIGNATION

NC0539

PERIOD ENDED

December, 2016

**Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, & HIGH SPEED DATA INFORMATION**

EXCHANGE	1. RATES		2. SUBSCRIBERS (ACCESS LINES)			3. ROUTE MILES	
	B-1 (a)	R-1 (b)	BUSINESS (a)	RESIDENTIAL (b)	TOTAL (c)	TOTAL (including fiber) (a)	FIBER (b)
Ellerbe							
MobileWireless							
Route Mileage Outside Exchange Area							
Total							
No. Exchanges							

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>  <i>INSTRUCTIONS - See RUS Bulletin 1744-2</i>							BORROWER DESIGNATION NC0539  PERIOD ENDED December, 2016	
<b>Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, &amp; HIGH SPEED DATA INFORMATION</b>								
<b>4. BROADBAND SERVICE</b>								
<b>Details on Least Expensive Broadband Service</b>								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Adver ised Download Rate (Kbps) (d)	Adver ised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Ellerbe								
Total								

REDACTED -- FOR PUBLIC INSPECTION

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>			BORROWER DESIGNATION NC0539  PERIOD ENDING December, 2016		
INSTRUCTIONS- See RUS Bulletin 1744-2					
<b>PART D. SYSTEM DATA</b>					
1 No Plant Employees	2 No Other Employees	3 Square Miles Served	4 Access Lines per Square Mile	5 Subscribers per Route Mile	
<b>PART E. TOLL DATA</b>					
1. Study Area ID Code(s)  a. _____ b. _____ c. _____ d. _____ e. _____ f. _____ g. _____ h. _____ i. _____ j. _____		2. Types of Toll Settlements (Check one)  <div style="display: flex; justify-content: space-between;"> <div>             Interstate: <input checked="" type="checkbox"/> Average Schedule               Intrastate: <input checked="" type="checkbox"/> Average Schedule           </div> <div> <input type="checkbox"/> Cost Basis   <input type="checkbox"/> Cost Basis           </div> </div> <div style="text-align: center; margin-top: 20px;">             REDACTED -- FOR PUBLIC INSPECTION           </div>			
<b>PART F. FUNDS INVESTED IN PLANT DURING YEAR</b>					
1. RUS, RTB, & FFB Loan Funds Expended					
2. Other Long-Term Loan Funds Expended					
3. Funds Expended Under RUS Interim Approval					
4. Other Short-Term Loan Funds Expended					
5. General Funds Expended (Other than Interim)					
6. Salvaged Materials					
7. Contribution in Aid to Construction					
8. Gross Additions to Telecom. Plant (1 thru 7)					
<b>PART G. INVESTMENTS IN AFFILIATED COMPANIES</b>					
INVESTMENTS  (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year	Income/Loss This Year	Cumulative Investment To Date	Cumulative Income/Loss To Date	Current Balance
	(b)	(c)	(d)	(e)	(f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

<div>USDA-RUS</div> <div>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</div>	<div>BORROWER DESIGNATION</div> <div>NC0539      REDACTED -- FOR PUBLIC INSPECTION</div>																																																							
	<div>PERIOD ENDING</div> <div>December, 2016</div>																																																							
	<div>PART H. CURRENT DEPRECIATION RATES</div>																																																							
<div>Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)</div> <div> <input type="checkbox"/> YES         <input type="checkbox"/> NO       </div>																																																								
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USDA-RUS		BORROWER DESIGNATION	
OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS		NC0539	
		PERIOD ENDED December, 2016	
INSTRUCTIONS – See help in the online application.			
PART I – STATEMENT OF CASH FLOWS			
1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)			
CASH FLOWS FROM OPERATING ACTIVITIES			
2. Net Income			
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
3. Add: Depreciation			
4. Add: Amortization			
5. Other (Explain)			
REDACTED -- FOR PUBLIC INSPECTION			
Changes in Operating Assets and Liabilities			
6. Decrease/(Increase) in Accounts Receivable			
7. Decrease/(Increase) in Materials and Inventory			
8. Decrease/(Increase) in Prepayments and Deferred Charges			
9. Decrease/(Increase) in Other Current Assets			
10. Increase/(Decrease) in Accounts Payable			
11. Increase/(Decrease) in Advance Billings & Payments			
12. Increase/(Decrease) in Other Current Liabilities			
13. Net Cash Provided/(Used) by Operations			
CASH FLOWS FROM FINANCING ACTIVITIES			
14. Decrease/(Increase) in Notes Receivable			
15. Increase/(Decrease) in Notes Payable			
16. Increase/(Decrease) in Customer Deposits			
17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)			
18. Increase/(Decrease) in Other Liabilities & Deferred Credits			
19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates & Other Capital			
20. Less: Payment of Dividends			
21. Less: Patronage Capital Credits Retired			
22. Other (Explain)			
23. Net Cash Provided/(Used) by Financing Activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
24. Net Capital Expenditures (Property, Plant & Equipment)			
25. Other Long-Term Investments			
26. Other Noncurrent Assets & Jurisdictional Differences			
27. Other (Explain)			
28. Net Cash Provided/(Used) by Investing Activities			
29. Net Increase/(Decrease) in Cash			
30. Ending Cash			

USDA-RUS  OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION  NC0539
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2016
NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

REDACTED -- FOR PUBLIC INSPECTION



USDA-RUS  OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	BORROWER DESIGNATION  NC0539
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2016
CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS	

REDACTED -- FOR PUBLIC INSPECTION

**INDEPENDENT AUDITOR'S REPORT**

REDACTED -- FOR PUBLIC INSPECTION

To the Board of Directors of  
Ellerbe Telephone Company and Subsidiary  
Ellerbe, North Carolina

***Report on the Financial Statements***

We have audited the accompanying consolidated balance sheets of Ellerbe Telephone Company and Subsidiary (the "Company") as of December 31, 2016 and 2015, and the related consolidated statements of stockholder's equity, income, comprehensive income, and cash flows for the years then ended and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Opinion**

REDACTED -- FOR PUBLIC INSPECTION

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ellerbe Telephone Company and Subsidiary as of December 31, 2016 and 2015 and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

**Other Matters****Other information**

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules on pages 24 through 26 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the supplementary schedules are fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Governmental Auditing Standards***

In accordance with Government Auditing Standards, we have also issued a report dated June 7, 2017 on our consideration of Ellerbe Telephone Company and Subsidiary's internal controls over financial reporting and our tests of compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Ellerbe Telephone Company and Subsidiary's internal control over financial reporting and compliance.



Eddie Carrick, CPA PC  
Lexington, North Carolina

June 7, 2017